

Access to High Quality Early Learning for Washington's Young Children

Presentation and Discussion
of Round I Analysis
WA Early Learning Council
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Presentation Overview

Review Purpose and Approach

Major Findings

- ❑ Average *hourly cost* of QRIS Levels 1, 3, & 5 (moderate and higher cost options by age of child and setting) – vs. current
- ❑ *Aggregate cost* for four policy alternatives - as \$ Millions, % K-12
- ❑ *Affordability and Targeting of Benefits*

Options for Round 2:

- ❑ Range of aggregate costs: Acceptable or Modify ?
- ❑ Phase-in Options: Time Frame ?

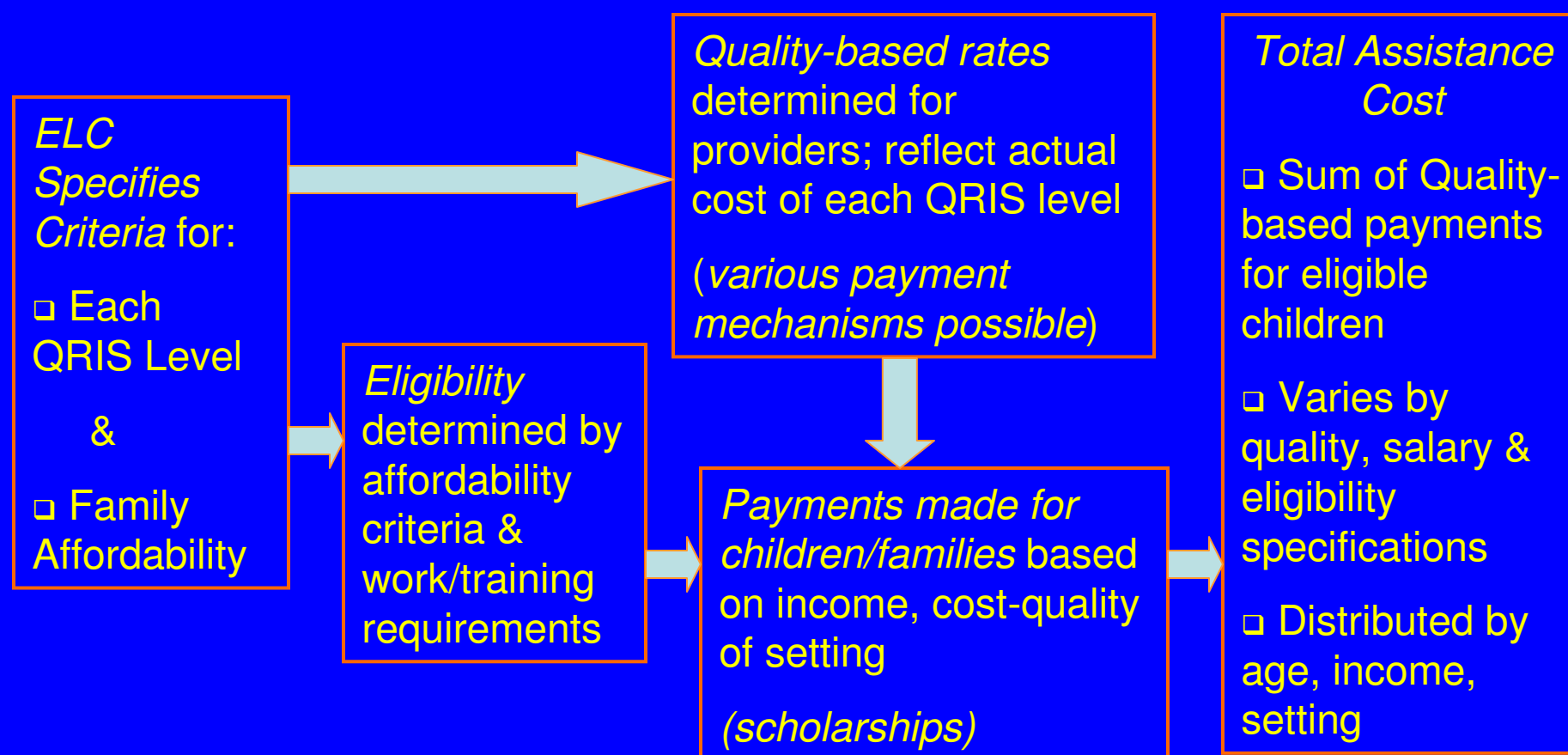
Purpose of Study

- ❑ Assist the ELC to consider alternative policies that provide all young children in Washington access to high quality early learning.
- ❑ Analysis encompasses but is not limited to QRIS and Quality-based Reimbursement.
- ❑ Analyze costs, impact on family affordability, and targeting of funds, for alternative policy packages.
- ❑ Design and implementation issues in QRIS and early learning system will remain that will not affect cost analyses.

Guiding Principles: *Early learning research base*

1. High quality early learning is essential to children's healthy development and school readiness; stability essential.
2. A market-based approach can offer choice to families while providing incentives and requirements for quality.
3. Effective early learning professionals need specialized training and education.
4. Quality should be supported in all settings, including parents.
5. Recruiting and retaining qualified staff who have alternative career options requires adequate compensation.
6. High quality early learning should be affordable to families at all income levels for costs, prices to be sustained in market.
7. To improve quality, providers need a reliable revenue stream and investment capital.
8. Resources are limited: cost-effective solutions are required.

The Relationship Among QRIS, Reimbursements Based on Quality, & Financial Access



Round 1 Policy Options:

Compensation/affordability; Work requirements; Fees

All options provide scholarships related to family income; maximum eligibility level varies to reflect desired affordability level and different hourly costs of achieving quality standards.

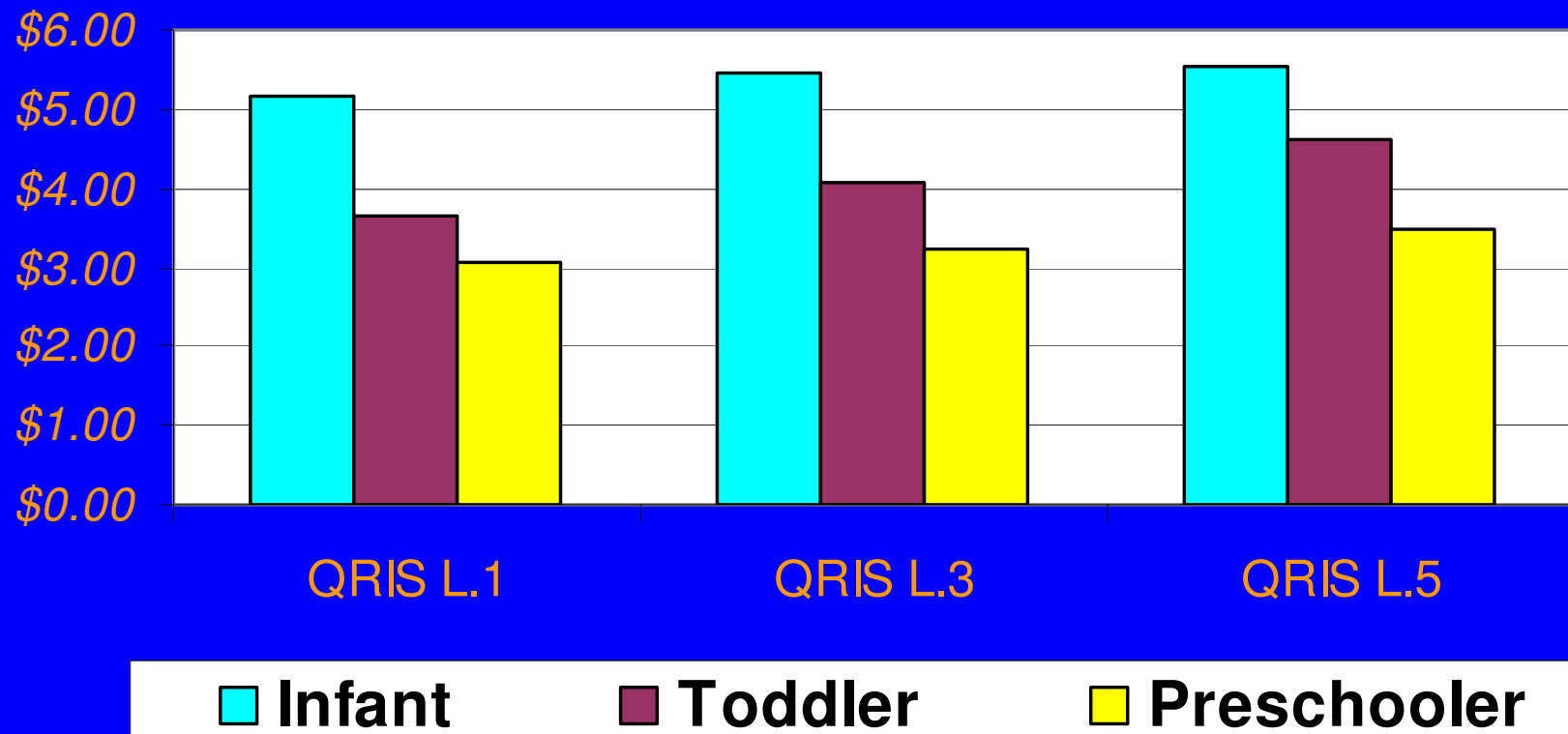
A. Moderate Hourly Cost:

- Salary = *annual* equivalent of elementary teacher for BA, lower for AA, HS degrees; maximum eligibility ~ 450% FPL to achieve affordability and market feasibility
- 1. Work/training requirement > 2 FPL
- 2. No work/training requirement

B. Higher Hourly Cost:

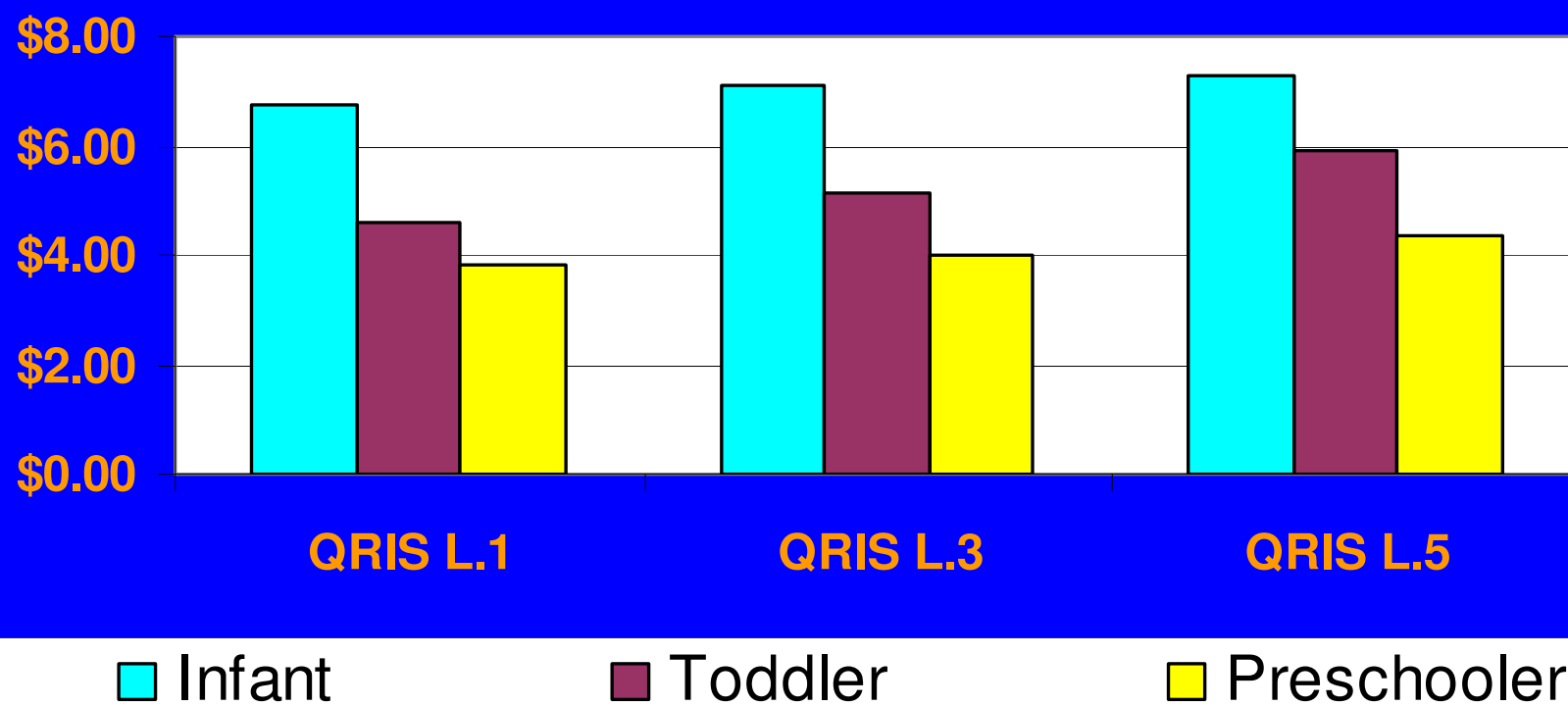
- Salary = *hourly* equivalent of elementary teacher for BA, lower for AA, HS degrees; maximum eligibility ~ 500% FPL to achieve affordability and market feasibility
- 3. Work/training requirement > 2 FPL
- 4. No work/training requirement

Hourly Cost of Early Learning, Centers - Moderate Compensation Range



- ❑ Infant ~ \$5-5:50/hr; toddlers ~ \$3.50-4.50; preschoolers ~ \$3-3.50
- ❑ FT/FY costs range from \$6,000 - \$11,000 per child
- ❑ Increases between Levels 1-3, 3-5 of 6-14%; greatest for Toddlers

Hourly Cost of High Quality Early Learning - Centers, Higher Compensation Range



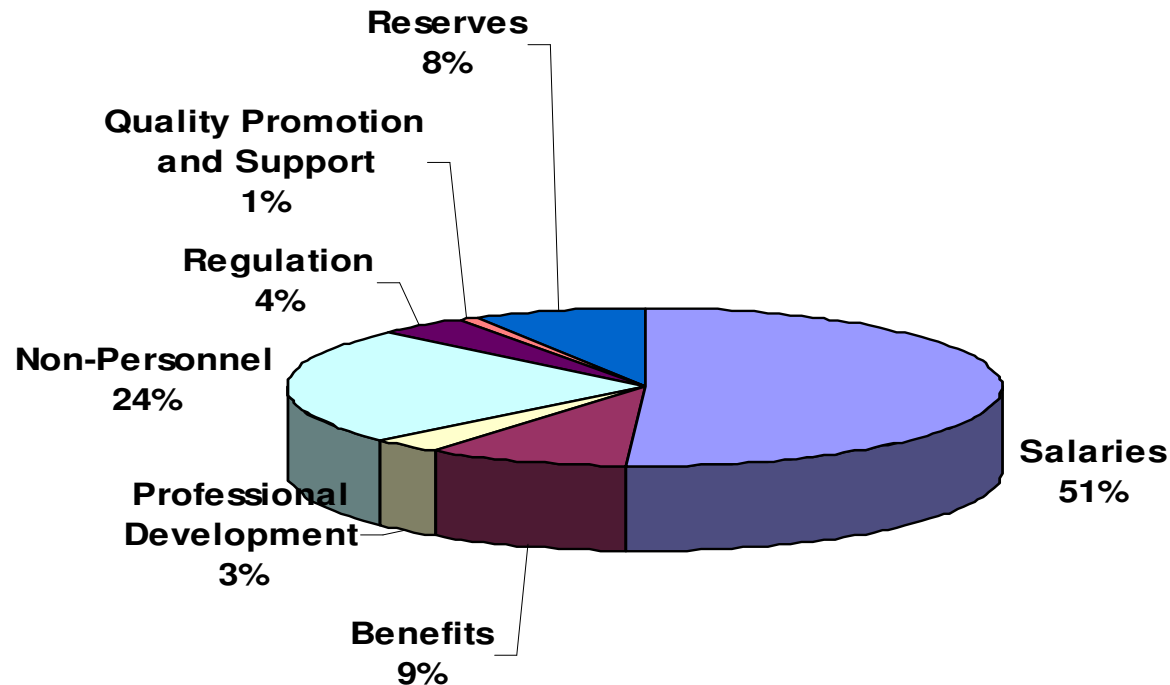
- Infants ~ \$6-7/hr; toddlers ~ \$4.50-6/hr; preschoolers ~\$4/hour
- FT/FY = \$8,000 - \$14,500 per child
- Increases between Levels 1-3, 3-5 of 6-15%; greatest for Toddlers 8

High Quality Center Costs vs. Current Prices and Reimbursement Rates, Average Across Age Groups, QRIS Levels



- ❑ Moderate salary option yields costs close to 50th percentile prices; 22% higher than current state reimbursement rate
- ❑ Higher salary produces costs about \$1/hour higher than 75th percentile

Hourly Cost Components for Center Care, Moderate Cost Option, Toddlers



- ❑ Quality promotion, regulation and professional development = 8%
- ❑ Hourly cost components vary slightly by age group and between moderate and higher cost options.

Example of Income-Related Scholarship

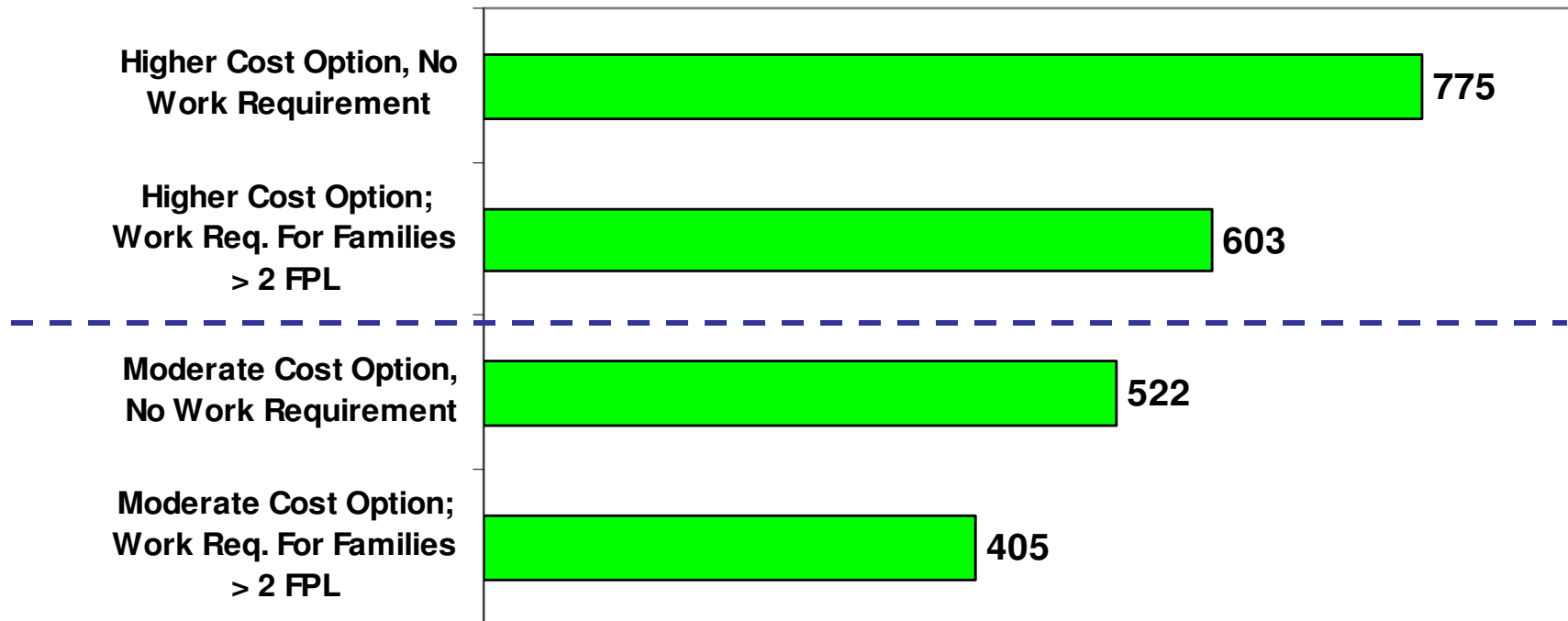
- QRIS Level 3 - Moderate Compensation; for higher compensation, scholarship would increase, family payment would not increase.
- Toddler at a Center
- Hourly cost = \$4.05; Monthly Cost (40 hrs/wk) = \$697

| <i>Family Income</i> | <i>Family Payment (Monthly, Per Child)</i> | <i>Scholarship</i> |
|---|--|--------------------|
| Low < 1 FPL (\$0-20K) <i>(2% Net Inc.)</i> | \$17 | \$680 |
| Moderate = 1-2 FPL (\$20-40K) <i>(3% Net Inc.)</i> | \$75 | \$622 |
| Middle = 2-3 FPL (\$40-60K) <i>(5% Net Inc.)</i> | \$208 | \$488 |
| Upper-Middle = 3-4 FPL (\$60-80K) <i>(6% Net Inc.)</i> | \$350 | \$347 |

Round 1 Total Costs by Option

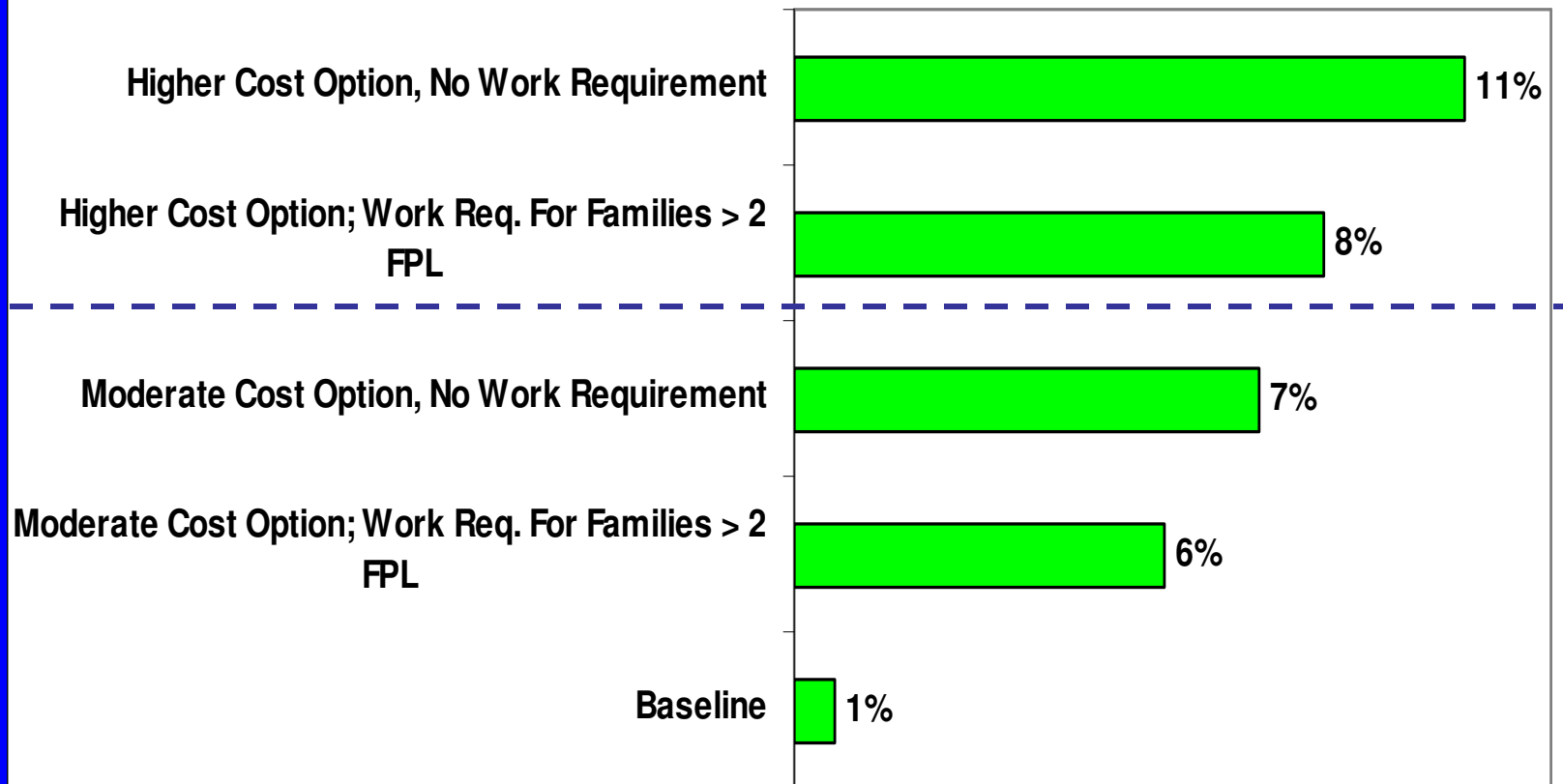
- ❑ Compare no work/training requirement, to work/training requirement beginning at 200% FPL for moderate and higher cost options.
- ❑ Eligibility for income-related assistance based on 7-9% net income per child; requires approximately 400-500%FPL.
- ❑ Annual costs range from \$405 to \$775 million over current state spending.

Potential Increases in State/Local/Private Spending, By Option (\$ Millions)



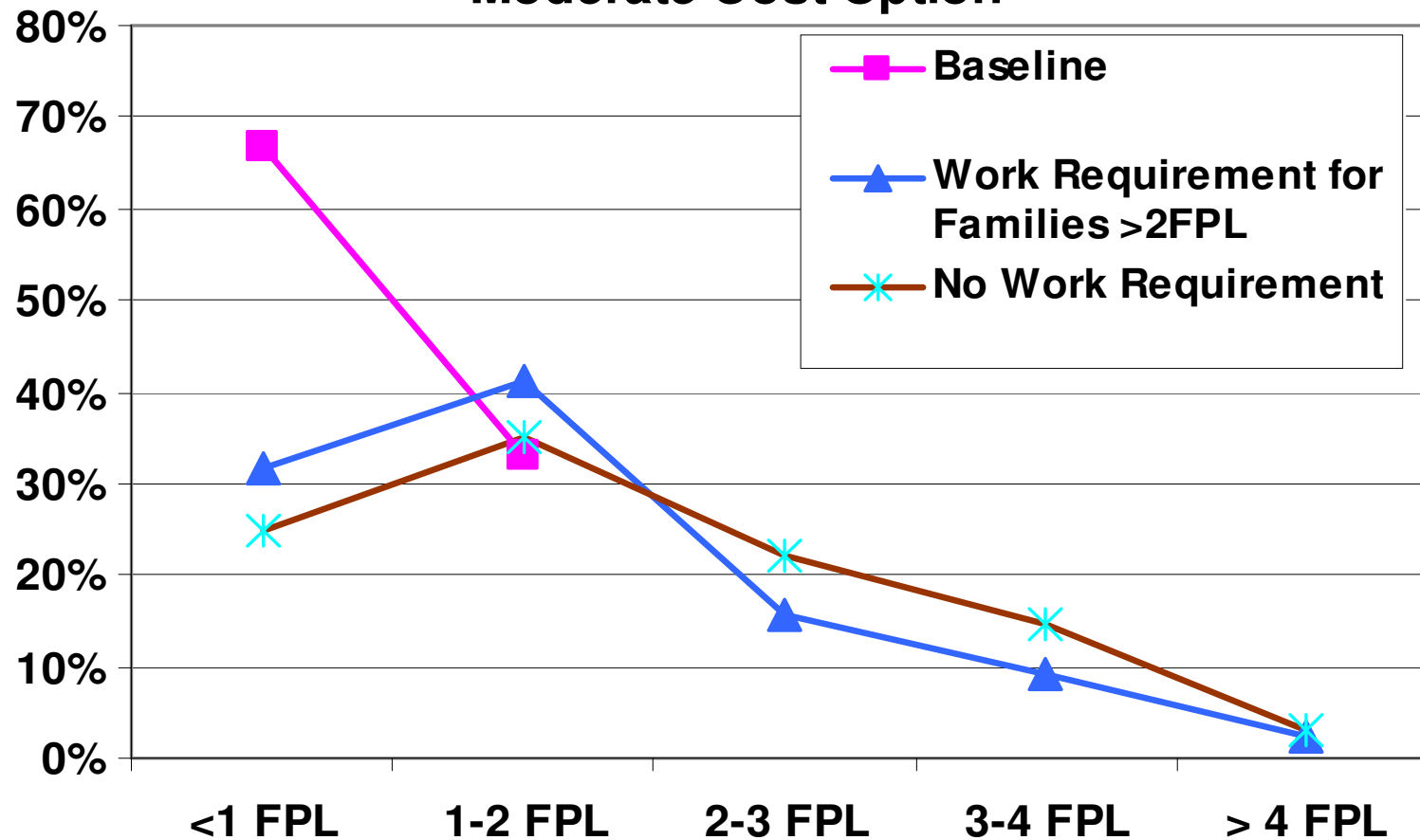
- ❑ Add to federal spending at current 2005-06 levels (~\$150 mill.)
- ❑ Costs can be shared among state, local, private funders
- ❑ Includes basic early learning + FFN support; not parent ed, health
- ❑ Smaller % of benefits goes for infants, larger % for preschoolers. ¹³

Potential Increases in Support as Percent K-12 Spending, By Option



- B-6 population = 46% as large as population age 6-18

Percent Total Benefits by Income Group, Moderate Cost Option



- ❑ Lowest two income groups get 60-70% of benefits under policy specs
- ❑ Work requirement for >2 FPL targets a greater share to lower income

ELC to Consider for Round 2:

Framing the findings

- ❑ Acceptability of cost ranges ?
- ❑ Preferred option ?
- ❑ Add family support, health/nutrition ?

Options for Round 2

- ❑ Modify policy specifications:
staffing, affordability, compensation ?
- ❑ Phase in preferred option – specify steps:
(1) next biennium (2007-09); (2) 2010, (3) 2016 ?